

**DES MOINES AREA METROPOLITAN
PLANNING ORGANIZATION**

**INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS**

June 30, 2009

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

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Independent Auditor's Report

Des Moines Area Metropolitan Planning Organization
Des Moines, Iowa

We have audited the accompanying financial statements of the governmental activities and each major fund of Des Moines Area Metropolitan Planning Organization as of and for the year ended June 30, 2009 which collectively comprise Des Moines Area Metropolitan Planning Organization's basic financial statements listed in the table of contents. These financial statements are the responsibility of Des Moines Area Metropolitan Planning Organization management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Des Moines Area Metropolitan Planning Organization as of June 30, 2009, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2010, on our consideration of Des Moines Area Metropolitan Planning Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 7 and 20 through 21 are not required parts of the basic financial statements, but are supplementary information required by The Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was prepared for the purpose of forming opinions on the basic financial statements that collectively comprise Des Moines Area Metropolitan Planning Organization's basic financial statements. The financial statements for the year ended June 30, 2008 (which are not presented herein) were audited by other auditors who expressed unqualified opinions on those financial statements. Other supplementary information included in schedules on pages 22 and 23, including the accompanying schedule of expenditures of federal awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Martens & Company, CPA, LLP

West Des Moines, Iowa
April 30, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Des Moines Area Metropolitan Planning Organization (DMAMPO) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the Organization's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- Revenues of DMAMPO's governmental activities increased 13.3%, or approximately \$108,700 from fiscal 2008 to fiscal 2009.
- Program expenses increased 29.9%, or approximately \$243,700, from fiscal 2008 to fiscal 2009.
- DMAMPO's net assets decreased approximately \$240,000, from June 30, 2008 to June 30, 2009.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of DMAMPO's financial activities.

The Government-wide Financial Statements consist of a statement of net assets and a statement of activities. These provide information about the activities of DMAMPO as a whole and present an overall view of DMAMPO finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the DMAMPO's operations in more detail than the government-wide statements by providing information about the most significant funds.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the DMAMPO's budget for the year.

The schedule of expenditures of federal awards provides details of various federal programs benefiting DMAMPO.

BASIS OF ACCOUNTING

DMAMPO maintains its financial records on the basis of cash receipts and disbursements. Memorandum adjusting journal entries were prepared to convert the cash basis records to the accrual basis of accounting.

REPORTING DMAMPO'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the DMAMPO's finances is, "Is the DMAMPO as a whole better or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents all of DMAMPO's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in DMAMPO's net assets may serve as a useful indicator of whether the financial position of DMAMPO is improving or deteriorating.

The Statement of Activities presents information showing how DMAMPO's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The Statement of Net Assets and the Statement of Activities report DMAMPO's transportation planning activities. Member assessments and federal grants finance most of these activities.

Fund Financial Statements

All DMAMPO's activities are accounted for in the general fund.

This fund is reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of DMAMPO's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance DMAMPO's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net assets for governmental activities.

Net Assets of Governmental Activities		
	Year ended June 30,	
	2009	2008
Current assets	\$ 319,125	\$ 478,309
Capital assets	19,612	30,464
	<u>338,737</u>	<u>508,773</u>

Current liabilities	62,808	84,095
Other liabilities	<u>125,947</u>	<u>34,666</u>
	<u>188,755</u>	<u>118,761</u>
Net assets		
Invested in capital assets	19,612	30,464
Unrestricted	<u>130,369</u>	<u>359,548</u>
	<u>\$ 149,981</u>	<u>\$ 390,012</u>

Changes in Net Assets of Governmental Activities

	Year ended June 30,	
	2009	2008
Program revenues		
Charges for service	\$ 34,438	\$ 38,509
Operating grants	624,087	508,212
General revenues		
Member assessments	262,115	262,106
Unrestricted investment earnings	1,192	6,877
Miscellaneous income	<u>2,563</u>	<u>-</u>
	<u>924,395</u>	<u>815,704</u>
Program expenses		
Public works - transportation planning	795,808	673,297
General government	<u>368,618</u>	<u>247,382</u>
	<u>1,164,426</u>	<u>920,679</u>
Increase (decrease) in net assets	(240,031)	(104,975)
Net assets, beginning of year	<u>390,012</u>	<u>494,987</u>
Net assets, end of year	<u>\$ 149,981</u>	<u>\$ 390,012</u>

Net assets of governmental activities decreased from fiscal year 2008 by approximately \$240,000. The largest portion of DMAMPO's net assets are unrestricted net assets, that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirements.

Revenues for operating grants, contributions and restricted interest increased by approximately \$136,200 due to increased intergovernmental revenues.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

Governmental Fund Highlights

The general fund showed a decrease in fund balance of \$137,897 from the prior year to \$256,317.

BUDGETARY HIGHLIGHTS

Over the course of the year, DMAMPO amended its budget to reallocate expenditures among internally designated functions. DMAMPO's receipts were \$111,249 less than budgeted receipts, a variance of 12%. This was due to receiving less grant money and funding from CIRTPA than was budgeted.

Total disbursements were \$413,336 less than budgeted disbursements, a variance of 39%. Actual administration costs being less than budgeted accounted for the biggest portion this variance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

DMAMPO capital assets consist of furnishings and equipment. See Note 3 to the financial statements for more information about DMAMPO's capital assets.

ECONOMIC FACTORS BEARING ON DMAMPO'S FUTURE

DMAMPO is almost entirely dependent upon Federal operating grants and member assessments to fund its operations.

CONTACTING DMAMPO'S FINANCIAL MANAGEMENT

This financial report is designed to present our citizens, members and grantor agency with a general overview of DMAMPO's finances and operating activities. If you have any questions or require additional information please contact the Executive Director, Merle Hay Centre, 6200 Aurora Avenue, Suite 300W, Urbandale, IA 50322-2866.

Basic Financial Statements

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

STATEMENT OF NET ASSETS

June 30, 2009

ASSETS

Cash and short term investments	\$ 135,398
Due from other governmental units	
Iowa Department of Transportation	161,750
Central Iowa Regional Transportation Planning Alliance	21,977
Capital assets, net of accumulated depreciation	<u>19,612</u>
	<u>338,737</u>

LIABILITIES

Accounts payable	21,331
Wages and benefits payable	5,143
Prepaid member assessments	36,334
Compensated absences payable	<u>125,947</u>
	<u>188,755</u>

NET ASSETS

Investment in capital assets	19,612
Unrestricted	<u>130,369</u>
	<u>\$ 149,981</u>

See accompanying notes to financial statements.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

STATEMENT OF ACTIVITIES

June 30, 2009

		<u>Program</u>	<u>Revenues</u>	
		<u>Charges</u>	<u>Operating Grants</u>	<u>Net (Expense)</u>
	<u>Expenses</u>	<u>For</u>	<u>Contributions</u>	<u>Revenue and</u>
		<u>Services</u>	<u>and Restricted</u>	<u>Changes in</u>
			<u>Interest</u>	<u>Net Assets</u>
Governmental activities				
Public works				
Transportation planning	\$ 795,808	\$ 34,438	\$ 624,087	\$ (137,283)
General government	368,618	-	-	(368,618)
	<u>\$ 1,164,426</u>	<u>\$ 34,438</u>	<u>\$ 624,087</u>	<u>\$ (505,901)</u>
General revenues				
Grants and contributions not				
restricted to specific purpose -				
member assessments				\$ 262,115
Unrestricted investment				
earnings				1,192
Miscellaneous income				<u>2,563</u>
Change in net assets				(240,031)
Net assets, beginning of year				<u>390,012</u>
Net assets, end of year				<u>\$ 149,981</u>

See accompanying notes to financial statements.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

**BALANCE SHEET -
GENERAL FUND**

June 30, 2009

ASSETS

Cash and short-term investments	\$ 135,398
Due from other governmental units	
Iowa Department of Transportation	161,750
Central Iowa Regional Transportation Planning Alliance	<u>21,977</u>
	<u>\$ 319,125</u>

LIABILITIES AND FUND BALANCE

Accounts payable	21,331
Wages and benefits payable	5,143
Prepaid member assessments	<u>36,334</u>
Total liabilities	<u>62,808</u>
Fund equity	
Fund balance, undesignated	<u>256,317</u>
	<u>\$ 319,125</u>

See accompanying notes to financial statements.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

**RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUND TO THE STATEMENT OF NET ASSETS**

June 30, 2009

Total governmental fund balances	\$ 256,317
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$143,283 and the accumulated depreciation is \$123,671.	19,612
Long-term liabilities including compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	<u>(125,948)</u>
Net assets of governmental activities	<u>\$ 149,981</u>

See accompanying notes to financial statements.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND

For the year ended June 30, 2009

REVENUES

Intergovernmental	
Iowa Department of Transportation	\$ 624,087
Central Iowa Regional Transportation Planning Alliance	34,438
Member assessments	262,115
Interest income	1,192
Miscellaneous income	<u>2,563</u>
	<u>\$ 924,395</u>

EXPENDITURES

Public works - transportation planning	
Program support and administration	166,105
General coordination and planning	164,364
Long range planning	276,783
Short range planning	150,893
Regional transportation planning	20,094
Regional trail planning	17,569
General government - administration	<u>266,484</u>
	<u>1,062,292</u>
Excess of revenues over expenditures	(137,897)
Fund balance, beginning of year	<u>394,214</u>
Fund balance, end of year	<u>\$ 256,317</u>

See accompanying notes to financial statements.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2009

Net change in fund balances - government fund	\$	(137,897)
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Amounts reported for governmental activities in the
statement of activities are different because:

Governmental funds report capital outlays as
expenditures while governmental activities
report depreciation expense to allocate those
expenditures over the life of the assets.
Depreciation expense exceeded capital outlay
expenditures in the current year, as follows:

Expenditures for capital assets	4,385	
Depreciation expense	<u>(15,237)</u>	(10,852)

Some expenses reported in the statement of
activities do not require the use of current
financial resources, and therefore, are not
reported as expenditures in governmental
funds, as follows:

Compensated absences	<u>(91,282)</u>
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Change in net assets of governmental activities	\$ <u><u>(240,031)</u></u>
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See accompanying notes to financial statements.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

(1) ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

- A. Organization and Reporting Entity - The Des Moines Area Metropolitan Planning Organization (the "Organization") was established on July 1, 1983 as a voluntary organization of city and county governments to serve as a designated metropolitan planning organization pursuant to Part 450 of Title 23 of the Code of Federal Regulations for the Des Moines Urbanized Area as defined by the U.S. Bureau of the Census and includes the cities of Altoona, Ankeny, Bondurant, Carlisle, Clive, Des Moines, Grimes, Johnston, Norwalk, Pleasant Hill, Polk City, Urbandale, Waukee, West Des Moines and Windsor Heights and portions of the counties of Dallas, Polk and Warren. The Organization is a separate legal entity pursuant to Chapter 28E of the Code of Iowa with powers and purposes to carry out transportation planning activities for the metropolitan area.

The financial statements Des Moines Area Metropolitan Planning Organization have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the organization.

The Statement of Net Assets presents the Organization's assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduction by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions restricted to meeting the operational or capital requirements of a particular function. Member assessments and other items not properly included among program revenues are reported instead as general revenues.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2009

(1) ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Basis of Presentation - Continued

Government-wide Financial Statements (Continued)

The Organization reports the following major governmental funds:

The General fund is the general operating fund of the Organization. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Member assessments are recognized as revenue in the year for which they are assessed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or as soon enough thereafter to pay liabilities of the current period. For this purpose, the Organization considers revenues to be available if they are collected within 60 days after year end.

Intergovernmental revenues (member assessments, shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Organization.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

The Organization maintains its financial records on the cash basis. The financial statements of the Organization are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Budgets and Budgetary Accounting - The Organization adopts a budget and determines the per capita assessment rate for members on an annual basis. Amendments to the budget are made throughout the year as determined necessary by the Organization. The budgetary comparison and related disclosures are reported as Required Supplementary Information.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2009

(1) ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- E. Prepaid Expenses - Prepaid expenses represent payments to vendors for costs applicable to future accounting periods.
- F. Capital Assets - Capital assets, which include furniture and equipment, are reported in the government wide statement of net assets. Capital assets are recorded at cost and are depreciated using the the straight line method over an estimated useful life of five years.
- G. Compensated Absences - Employees of the Organization accumulate vacation and sick leave hours for subsequent use. Unused vacation and sick leave hours are payable upon use, termination, death or retirement and are recognized as expenditures in the general fund when earned by the employees.

(2) CASH AND SHORT TERM INVESTMENTS

The Organization's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there were no loss of public funds.

The Organization is authorized by statute to invest public funds in obligations of the United States government, it agencies and instrumentalities; certificates of deposit or other evidences of deposit at federal insured depository institutions approved by the member government representatives; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2009, the Organization had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$7,676 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk - The Organization's investment policy limits the investment of operating funds (fund expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. All of the Organization's cash and short term investments have been designated as operating funds.

Credit Risk - The Organization's investment in the Iowa Public Agency Investment Trust is unrated.

(3) CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2009 was as follows:

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2009

(3) CAPITAL ASSETS - CONTINUED

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Government activities				
Capital assets being depreciated				
Equipment	\$ 81,465	\$ 191	\$ -	\$ 81,656
Furnishings	<u>57,432</u>	<u>4,195</u>	<u>-</u>	<u>61,627</u>
	<u>138,897</u>	<u>4,386</u>	<u>-</u>	<u>143,283</u>
Less accumulated depreciation for				
Equipment	56,282	12,720	-	69,002
Furnishings	<u>52,151</u>	<u>2,518</u>	<u>-</u>	<u>54,669</u>
	<u>108,433</u>	<u>15,238</u>	<u>-</u>	<u>123,671</u>
Net capital assets	<u>\$ 30,464</u>	<u>\$ (10,852)</u>	<u>\$ -</u>	<u>\$ 19,612</u>

(4) SUPPORT FROM GOVERNMENTAL UNITS

The Organization received substantially all of its revenues from federal and local governmental units. A significant reduction in the level of these revenues would have a significant effect on the Organization's programs and activities.

The Organization has received grants for the 2010 fiscal year as follows:

Contract No. 10MPO-DMAMPO	\$ 773,006
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(5) PENSION AND RETIREMENT BENEFITS

The Organization contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.10% of their annual salary and the Organization is required to contribute 6.35% of annual covered payroll. Contribution requirements are established by State statute. The Organization's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$34,375, \$27,024, and \$25,424, respectively, equal to the required contributions for the year.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2009

(6) COMMITMENTS

The Organization leases office space under the terms of an agreement which expires August 31, 2011. The agreement provides the Organization pay monthly rent of \$5,680 plus its share of increases in property taxes and operating expenses of the building. Rental expense under the agreement for the year ended June 30, 2009 was \$62,481.

The Organization is obligated under a lease agreement for a copier which expires in May 2012. The agreement provides the Organization pay a monthly rent of \$1,528, plus all maintenance and insurance costs for the equipment.

The future minimum lease payments under the leases which have a remaining term in excess of one year as of June 30, 2009, are:

<u>Year ended</u>	<u>Amount</u>
2010	\$ 86,496
2011	86,496
2012	28,168
	<u>\$ 201,160</u>

(7) SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through April 30, 2010, the date the financial statements were available to be issued.

(8) RELATED PARTY DISCLOSURES

The Central Iowa Regional Transportation Planning Alliance (CIRTPA) utilizes the services of the Organization to carry out the transportation planning responsibilities as required by the Iowa Department of Transportation (IDOT) in order for Iowa's Regional Planning Affiliations to receive federal surface transportation funds consistent with Section 450 of Title 23 of the United States Code for the eight county, Central Iowa Area, exclusive of the Des Moines Metropolitan Area and the Ames Metropolitan Area. CIRTPA has no employees, utilizing the staff of DMAMPO.

The following is a summary of transactions and balances between the two entities.

	<u>2009</u>	<u>2008</u>
Revenues from CIRTPA	\$ 34,438	\$ 38,032
Due from CIRTPA	21,977	44,280

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2009

(9) IOWA DEPARTMENT OF TRANSPORTATION

Grant revenues from the Iowa Department of Transportation (DOT) represent both carryover funds from previous fiscal years and new federal planning funds for each year. The fiscal 2009 agreement amounts with the DOT was \$699,468 of which \$92,951 was unexpended as of June 30, 2009. The unexpended amounts have in the past and are expected to continue to be carried over and be available for the subsequent fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND - BUDGET AND ACTUAL

REQUIRED SUPPLEMENTARY INFORMATION

For the Year ended June 30, 2009

	<u>Actual</u>	<u>Budgeted Amounts</u>		<u>Final to Actual Variance</u>
		<u>Original</u>	<u>Final</u>	
REVENUES				
Intergovernmental				
Iowa Department of Transportation	\$ 624,087	\$ 699,468	\$ 699,468	\$ (75,381)
Central Iowa Regional Transportation Planning Alliance	34,438	74,070	74,070	(39,632)
Member assessments	262,115	262,106	262,106	9
Interest income	1,192	-	-	1,192
Miscellaneous income	2,563	-	-	2,563
	<u>924,395</u>	<u>1,035,644</u>	<u>1,035,644</u>	<u>(111,249)</u>
EXPENDITURES				
Public works - transportation planning				
Program support and administration	166,105	161,984	189,929	(23,824)
General coordination and planning	164,364	216,069	199,896	(35,532)
Long range planning	276,783	224,494	285,000	(8,217)
Short range planning	150,893	286,787	214,509	(63,616)
Regional transportation planning	20,094	74,070	74,070	(53,976)
Regional trail planning	17,569	70,000	70,000	(52,431)
General government - administration	266,484	442,224	442,224	(175,740)
	<u>1,062,292</u>	<u>1,475,628</u>	<u>1,475,628</u>	<u>(413,336)</u>
Excess of revenues over (under) expenditures	(137,897)	(439,984)	(439,984)	302,087
Fund balance, beginning of year	<u>394,214</u>	<u>394,214</u>	<u>394,214</u>	<u>-</u>
Fund balance, end of year	<u>\$ 256,317</u>	<u>\$ (45,770)</u>	<u>\$ (45,770)</u>	<u>\$ 302,087</u>

See accompanying independent auditor's report.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING

Year ended June 30, 2009

In accordance with the Code of Iowa, DMAMPO annually adopts a budget following required public notice and hearing. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic developments, general government, debt service, capital projects and business type activities. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year the budget was amended twice resulting in charges within work elements only.

Other Supplementary Information

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year ended June 30, 2009

<u>Grantor/Program</u>	<u>CFDA No.</u>	<u>Grant No.</u>	<u>Grant Amount</u>	<u>Due from Grantor Beginning of Year</u>	<u>Grant Revenue Receipts</u>	<u>Program Expenditures</u>	<u>Due from Grantor End of Year</u>
Indirect:							
Federal Highway Administration							
Iowa Department of Transportation	20.205	08MPO-DMAMPO	\$ 597,034	\$ 125,933	\$ 125,933	\$ -	\$ -
	20.205	09MPO-DMAMPO	834,468	-	451,768	606,517	154,749
	20.25	06-EDP-125	100,000	<u>8,493</u>	<u>19,061</u>	<u>26,062</u>	<u>7,001</u>
				<u>\$ 134,426</u>	<u>\$ 596,762</u>	<u>\$ 632,579</u>	<u>\$ 161,750</u>

Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Des Moines Area Metropolitan Planning Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

See accompanying independent auditors' report.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

SCHEDULE OF EXPENDITURES

For the Year ended June 30, 2009

Salaries and leave benefits	\$ 604,195
Payroll taxes	41,412
Group insurance	47,343
Office rent	62,481
Information technology	61,039
Legal fees	37,838
Printing	35,790
Travel, conferences and meetings	28,234
Postage	15,122
Office supplies	7,389
Payroll services	2,511
Audit fees	6,000
Insurance	7,301
Memberships and publications	1,452
Telephone	4,109
Advertising	4,777
Meeting room	2,950
Maintenance/repair	107
Transportation Management Association support	73,140
NARC refund	347
Miscellaneous	<u>14,370</u>
Subtotal	1,057,907
Equipment purchases	<u>4,385</u>
Total expenditures	<u><u>\$ 1,062,292</u></u>

See accompanying independent auditor's notes.



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Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards

Des Moines Area Metropolitan Planning Organization
Des Moines, Iowa

We have audited the accompanying financial statements of the governmental activities and each major fund of Des Moines Area Metropolitan Planning Organization as of and for the year ended June 30, 2009, which collectively comprise the Organization's basic financial statements listed in the table of contents and have issued our report thereon dated April 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Des Moines Area Metropolitan Planning Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Des Moines Area Metropolitan Planning Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the overall effectiveness of Des Moines Area Metropolitan Planning Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Des Moines Area Metropolitan Planning Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Des Moines Area Metropolitan Planning Organization's financial statements that is more than inconsequential will not be prevented or detected by Des Moines Area Metropolitan Planning Organization's internal control. We consider the deficiency in internal control described in Part II of the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Des Moines Area Metropolitan Planning Organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. However, we believe the significant deficiency described above, is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Des Moines Area Metropolitan Planning Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*.

Des Moines Area Metropolitan Planning Organization's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on Des Moines Area Metropolitan Planning Organization's responses, we did not audit Des Moines Area Metropolitan Planning Organization's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management and Des Moines Area Metropolitan Planning Organization Policy Committee including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Des Moines Area Metropolitan Planning Organization during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Martens & Company, CPA, LLP

West Des Moines, Iowa
April 30, 2010



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Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133

Des Moines Area Metropolitan Planning Organization
Des Moines, Iowa

Compliance

We have audited the compliance of Des Moines Area Metropolitan Planning Organization with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2009. Des Moines Area Metropolitan Planning Organization's major federal program is identified in Part I of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants agreements applicable to its major federal program is the responsibility of the Des Moines Area Metropolitan Planning Organization's management. Our responsibility is to express an opinion on the Des Moines Area Metropolitan Planning Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Des Moines Area Metropolitan Planning Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Des Moines Area Metropolitan Planning Organization's compliance with those requirements.

In our opinion, Des Moines Area Metropolitan Planning Organization complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Des Moines Area Metropolitan Planning Organization is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Des Moines Area Metropolitan Planning Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the overall effectiveness of Des Moines Area Metropolitan Planning Organization's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency and material weakness.

A control deficiency in the Des Moines Area Metropolitan Planning Organization's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Des Moines Area Metropolitan Planning Organization's ability to administer a federal program such that there is a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Agency's internal control. The deficiency in internal control over compliance described in the accompanying Schedule of Findings as item III-A-09 is considered to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Des Moines Area Metropolitan Planning Organization's internal control. The significant deficiency in internal control over compliance described in the accompanying Schedule of Findings as item III-A-09 is considered to be a material weakness.

Des Moines Area Metropolitan Planning Organization's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. While we expressed our conclusions on the Des Moines Area Metropolitan Planning Organization's responses, we did not audit Des Moines Area Metropolitan Planning Organization's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of Des Moines Area Metropolitan Planning Organization and other parties to whom Des Moines Area Metropolitan Planning Organization may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Martens & Company, CPA, LLP

West Des Moines, Iowa
April 30, 2010

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

SCHEDULE OF FINDINGS

Year ended June 30, 2009

Part I: Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements of Des Moines Area Metropolitan Planning Organization.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A significant deficiency in internal control over major programs was disclosed by the audit of the financial statements, which is considered to be a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed an audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a)(1).
- (g) The major program is as follows:
 - CFDA Number 20.205 Highway Planning and Construction
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Des Moines Area Metropolitan Planning Organization did not qualify as a low-risk auditee.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

SCHEDULE OF FINDINGS

Year ended June 30, 2009

Part II: Finding Related to the Financial Statements:

SIGNIFICANT DEFICIENCY:

II-A-09 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that certain functions are performed by one person:

1. Accounting system - performing all general accounting functions
2. Financial reporting - preparing, reconciling and distributing
3. Cash - reconciles bank and is also authorized to sign checks

Recommendation - We realize that segregation of duties is difficult with a limited number of office employees. However, the Des Moines Area Metropolitan Planning Organization should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will consider this.

Conclusion - Response acknowledged. The Des Moines Area Metropolitan Planning Organization could segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

INSTANCES ON NON-COMPLIANCE

No matters were noted.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

SCHEDULE OF FINDINGS - CONTINUED

Year ended June 30, 2009

Part III: Finding for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCY:

CFDA Number 20.205: Highway Planning and Construction

Pass-through Agency Number: FHWA PL & FTA 5303

Federal Award Year: 2009

Federal Transit Administration

Pass through the Iowa Department of Transportation

III-A-09 Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that certain functions are performed by one person:

1. Accounting system - performing all general accounting functions
2. Financial reporting - preparing, reconciling and distributing
3. Cash - reconciles bank and is also authorized to sign checks

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the Des Moines Area Metropolitan Planning Organization should continue to monitor its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will monitor the procedures as suggested.

Conclusion - Response accepted.